



**USAID**  
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**GEORGIA**

# GLOBAL CLIMATE CHANGE

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*USAID's activities in Georgia have addressed the country's challenges in the energy sector primarily through reform, renewable energy, and alternative sources of energy. Increasing energy efficiency is a prerequisite for reducing emissions in Georgia, and USAID plans to continue its support with these initiatives.*

**Background.** Located between and partly incorporating the Northern and Southern Caucasus mountain ranges, Georgia is home to an estimated 5.4 million persons. Despite a period of limited development progress following the political and social turbulence of the 1990s, Georgia continues to be plagued by a centralized, executive-dominated authority; rampant corruption; and unresolved territorial conflicts that obstruct attempts to improve the country's overall development. The energy sector is paralyzed by improper diversions of cash and electricity, inefficiency, nonpayment for about 80% of the energy consumed, and heavy dependence on external sources of energy. As energy supplies become less available or affordable to Georgians, reliance on unsustainable fuelwood has increased.

**Sector-Specific Climate Change Activities.** USAID has been instrumental in addressing energy issues in Georgia through numerous initiatives. A new role for USAID is working at the community level to integrate energy and economic development with reduction in fuelwood use and reforestation, thus reducing carbon dioxide emissions. Environmental issues, including air quality and water availability and quality, are also of great concern to Georgians due to agricultural (and some industrial) run-off and wood-burning in winter. USAID has played a key role in regional coordination of water management, including water quality.

USAID maintains an energy program in Georgia with the intent of promoting energy efficiency and renewable energy through various activities including demonstration projects, public awareness, training, and policy reforms. Approximately 75 demonstration projects have been established in collaboration with the International Association of Energy Engineers, and several renewable energy projects have been implemented. The renewable energy projects are designed to address energy problems that are usually an obstacle to sustainable rural village development.

USAID actions in the energy sector in Georgia are furthermore addressing the legal and policy reforms necessary to attract private investments. USAID has facilitated the creation of partnerships within the region and with U.S.-based regulatory bodies to discuss mutual concerns and demonstrate best practices. With its many collaborators, USAID works to improve the technical skills and operational procedures of the State Agency for the Regulation of Oil and Gas Resources for issuing new agreements, tariff rates, and policies. Additional assistance has been provided to improve the transparency of Georgia's National Energy Regulatory Commission to its customers and refine the accounting system and operational procedures of the wholesale market.

**USAID's partners in climate change activities in Georgia include\*:**

- European Bank for Reconstruction and Development (EBRD)
- Georgia National Energy Regulatory Commission (GNERC)
- International Association of Energy Engineers
- Ministry of Fuel and Energy
- State Agency for the Regulation of Oil and Gas Resources
- Wholesale Electricity Market
- World Bank/Global Environment Facility (GEF)

\* Because partners change as new activities arise, this list of partners is not comprehensive.

For more information on USAID's climate change activities in Georgia, visit USAID/Caucasus' Mission Web site at:

- <http://www.usaid.org.ge/>

More specific consideration of energy concerns can be seen in the electric and gas sector. USAID promotes programs to help ensure progress in the reforms leading to commercialization and privatization of all parts of the sector. Improving the legal and regulatory framework for electricity reform, as well as improving the financial performance of the power market, are also central objectives.

The establishment of the Wholesale Electric Market is improving the prospects of payment for power taken from the national grid. Substantial technical assistance and training has been conducted to improve the technical and operational procedures of various bodies, including drafting and implementing procedures, skills training, study tours, and seminars to introduce best practices and foster regional integration in the sector. Plans were developed to expand training into transparency of systems and anticorruption. Corruption at the local level is being addressed through direct management of the largest distribution company in Georgia (UDC), including establishment of modern billing and accounting, increased transparency of records, public awareness and education activities, and support for nongovernmental organizations.

In the oil and gas sector, reform programs are being implemented to provide Georgia with the legal, regulatory, and institutional basis to support oil and gas transit pipelines and to develop alternative energy sectors. Several important laws regarding electricity, oil, and gas have been passed and are expected to result in more efficient and cost-effective operation. These reform programs are additionally aimed at reducing energy usage and pollution per customer.

In addition to electricity, oil, and gas, water has been a focus for USAID programs in Georgia. A program has been established to strengthen the organization and administration of water management, because water is a key renewable energy source. Due to these efforts, there has been improved monitoring of river flows and water quality, and water councils have been established to improve data exchange among stakeholders.

Finally, the introduction of bio-digesters in Georgia has been touted as an environmentally safe project providing a permanent energy supply, free gas, and the best fertilizer. The bio-energy potential of Georgia is great and helps the country build on its commitment to preventing pollution and solving the problem of global climate change. The agricultural sector is considered to be the most significant source of pollution, and using bio-digesters can help alleviate the problem. The Global Environment Facility has decided to support the process of introducing bio-digesters in western Georgia.